REPORT OF THE DIRECTOR-GENERAL

APPENDIX

International Labour Conference
88th Session 2000

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Appendix

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APPENDIX

Report on the situation of workers of the occupied Arab territories

Introduction

1. This report is based on the mission sent by the Director-General to gather data and information on the employment conditions of workers of the occupied Arab territories,[1] as well as on documentation received by the ILO.

2. The Director-General appointed Mr. Jean-Michel Servais, Research Coordinator of the International Institute for Labour Studies, to represent him on this mission. He was accompanied by Mr. Tayo Fashoyin, officer in charge of the InFocus Programme on Strengthening Social Dialogue, and Ms. Sandrine Cazes-Chaigne of the Policy Analysis and Advice Unit. The mission visited Israel and the occupied Arab territories from 30 April to 6 May 2000. During their stay the members of the mission were given every facility, and they wish to thank all the authorities concerned.

3. As in previous years, another mission visited the Syrian Arab Republic from 25 to 26 April 2000. Its members were Mr. Ibrahim Souss, Regional Director for the Arab region, and Mr. Lee Swepston, Chief of the Equality and Human Rights Coordination Branch. They held consultations with the government authorities and the employers' and workers' organizations concerned. In particular, they met in Damascus the Minister of State for Foreign Affairs, the Minister of Labour and Social Affairs and the Governor of the Province of Quneitra. They also met representatives of the Damascus Chamber of Industry, of the

[1] See the resolution concerning the implications of Israeli settlements in Palestine and other occupied Arab territories in connection with the situation of Arab workers, adopted by the International Labour Conference at its 66th Session (1980).

General Federation of Syrian Trade Unions and of the International Confederation of Arab Trade Unions (ICATU).

4. The information gathered in this report concerns the real conditions of work and employment of the workers of the occupied Arab territories in such areas as equality of opportunity and treatment in employment, access to the labour market, working conditions, social security and industrial relations. In examining these different issues, the members of the mission bore in mind the principles and objectives laid down in the Constitution of the ILO and its Preamble and in the Declaration of Philadelphia annexed to it, as well as the international standards adopted by the ILO and the principles enunciated by its supervisory bodies. Special mention should be made of the Discrimination (Employment and Occupation) Convention, 1958 (No. 111), the Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87), and the Right to Organise and Collective Bargaining Convention, 1949 (No. 98). Among the information available, mention should also be made of the relevant legislation in fields within the ILO's area of competence. It should be recalled that the Palestinians living in Israeli-controlled portions of the territories continue to be covered by a body of law derived from Ottoman, British mandate, Jordanian and Egyptian sources (the legal framework in the Gaza Strip being Egyptian law and that in the West Bank Jordanian law), as well as by Israeli military orders. For the Palestinian-controlled areas, certain laws and regulations have been adopted by the Palestinian Authority, for example the Labour Code enacted during the mission's visit.

5. The representatives of the Director-General held numerous meetings and discussions. They met the Israeli authorities in Jerusalem, in Tel Aviv and in Erez. They visited East Jerusalem, the West Bank of the Jordan, and the Gaza Strip. They went to the village of Majdal Shams in the Golan. [2] The members of the

[2] The position of the Israeli Government regarding the Golan was stated in the following terms: "The ILO mission is meant to collect material for the Director-General's report on the occupied Arab territories. It is the position of the Government of Israel that the Golan, to which Israeli law, jurisdiction and administration have been applied, is not now such an area. In view of this consideration, approval for a visit of the ILO mission to the Golan was given as a gesture of goodwill and without prejudice. The decision to facilitate such an informal visit shall not serve as a precedent and does not contravene the Israeli Government's position."

mission benefited from the friendly and efficient assistance of Mr. Timothy S. Rothermel, UNDP Special Representative, who directs the programme of assistance to the Palestinian people. They also received valuable assistance from Mr. Khaled M. Doudine, the ILO's programme and administrative officer for the West Bank and Gaza.

6. They met several Palestinian personalities, including Mr. Rafiq Shaker Al-Natsheh, Minister of Labour, and Dr. Sa'di Al-Krunz, Minister of Industry. In Nablus they spoke with Mr. Ma'az Nabulsi, President of the Chamber of Commerce, and Mr. Shaher Sa'ed, General Secretary of the Palestine General Federation of Trade Unions (PGFTU), and, in Gaza, Mr. Rasem M. Al Bayari, Deputy General Secretary of the PGFTU and President for the Gaza Strip. They visited Dr. Hasan Abu-Libdeh, President of the Palestinian Central Bureau of Statistics (PCBS), and several members of his staff. In Gaza, with the assistance of Dr. Sa'di Al-Krunz, who is also Chairman of the Board of the Palestinian Industrial Estates and Free Zones Authority, they visited the Karni industrial zone, and met the Managing Director of Palestine Industrial Estate Development and Management Pvt. Ltd. Co., Dr. Abdel Malik Al-Jaber. In East Jerusalem they met Mr. Mahdi Abdel Hadi, President of the Palestinian Academic Society for the Study of International Affairs (PASSIA).

7. In addition to Mr. Timothy Rothermel and Mr. Khaled Doudine, the members of the mission met Mr. Herbert Behrstock, Director of United Nations Affairs, Office of the United Nations Special Coordinator in the Occupied Territories (UNSCO). In Nablus they visited a vocational training centre for people with disabilities, set up with ILO assistance.

8. In the Golan they met members of the Arab community in the village of Majdal Shams.

9. The programme organized by the Israeli authorities included a meeting with Mr. Eli Yishai, Minister of Labour and Social Affairs, Mr. Eli Paz, Senior Deputy Director-General, and members of their staff, as well as representatives of the Ministry of Foreign Affairs, the Ministry of Defence and the National Insurance Institute. They also met in Tel Aviv with Brigadier-General Yosef Mishlev, Deputy Coordinator of Government

Activities in the Territories, of the Ministry of Defence. Mr. Dori Goren, Vice-Director of the Department for International Organizations of the Ministry of Foreign Affairs, coordinated this part of the mission.

10. Meetings were held with Mr. Yosef Gattegno, of the Manufacturers' Association of Israel, and with Mr. Yousef Kara, of the Histadrut trade union federation. The mission met Mr. Ofer Bronchtein, Director-General of the Histadrut's International Institute. They went to the Erez industrial zone, where they visited several enterprises.

Recent developments

11. The Minister of Labour of the Palestinian Authority stated that the situation of the Arab workers of the occupied territories had not improved. He recalled certain incidents that had occurred at the Israeli checkpoint in the past and alleged that Palestinian workers had been ill-treated at Ramat Gan, where they had been forced to leave their bus and submit to a check and were beaten; one of them, Mr. Mahmoud Moussa Mossalem, sustaining a fractured arm. The latter information was also given by Mr. Adnan El Telawi, Head of the Permanent Delegation of the Arab Labour Organization in Geneva, in a letter addressed to the Director-General of the ILO on 4 April 2000. The Minister of Labour also complained that the Israeli authorities were not taking sufficient measures against illegally employed workers. He mentioned that an Israeli enterprise had been transferred from Israel to the territories, where it was polluting the environment. He referred to social security contributions deducted by the Israeli authorities from the wages of Arab workers employed in Israel. While it was true that the transfer of entitlements depended on the establishment of a Palestinian social security institution, he considered that information on these entitlements should be obtained from the Israelis as of now, as the establishment of this body could not be delayed.

12. The Minister also referred, both at the meeting and in a written memorandum, to the working conditions of Palestinian workers employed in Israel; in particular, he mentioned their long workdays due, inter alia, to the time spent at the checkpoint by workers coming from Gaza, as well as the use of intermediaries to obtain

work permits in Israel. While he recognized that some Palestinian collaborators were also involved in the latter problem, it was nonetheless urgent for the Israeli authorities to put a stop to these practices and to ensure decent work for all Palestinian workers.

13. The mission's interlocutors, especially from the Palestinian trade unions, stressed the lack of clarity of the legislation applicable in the settlements, which were still being established and extended. Obviously this lack of clarity affected the workers, in particular as regards the monitoring of working conditions. Palestinian trade union leaders could not visit these settlements freely and considered that their members were being subjected to anti-union discrimination. The trade union leaders that the mission spoke with expressed concern about the private intermediaries whose operations to obtain permits to work in Israel were a major source of abuse. Federation officials in Nablus explained to the members of the mission that they had been associated with a proposal by Israeli employers in the construction sector to recruit groups of Palestinian workers. However, these initial contacts had not been followed by any concrete measures.

14. Palestinian personalities emphasized the extent to which administrative security measures hampered the development of industrial and commercial activities by Palestinian employers. The requirement for businessmen or trucks to have a permit to cross into Israel had a negative impact on the development of the Palestinian economy, investment and hence employment.

15. These problems were also mentioned by officials of UNSCO and other locally based United Nations organizations in connection with technical cooperation projects that had been implemented to help consolidate the Palestinian economy. Administrative security measures affected the supply of necessary equipment, the movement of vehicles (including the issuance of permits for vehicles and drivers) and even the recruitment of experts or extension of their contracts.

16. The Minister of Industry of the Palestinian Authority drew attention to the potential benefits of the industrial zones located mostly on the borders between Israel and the Palestinian territories, which should create many jobs. Private investors from different regions, including Israel, had already installed textile and electrical

equipment plants, for example in Karni, and many more were planned, including in the new economy. Hence there was an urgent need to train Palestinian workers in these trades, and the Minister specifically requested ILO assistance to this end.

17. The Israeli Minister of Labour and Social Affairs emphasized his desire to develop relations between the Israeli and Palestinian authorities at every level. He had personally written to the Minister of Labour of the Palestinian Authority to propose cooperation in a number of areas, while indicating his willingness to collaborate in other areas as well. He had not yet received a reply. Israeli officials mentioned some concrete projects for joint seminars on safety and health in the construction industry, which the Israeli side had accepted but which had been postponed or cancelled at the Palestinians' request. The project to recruit groups of Palestinian workers for the construction sector in Israel was another Israeli initiative, but it had not yet met with a response from the Palestinian side. The Israelis nonetheless said they were prepared to pursue their efforts to smooth out the problems encountered in particular by Palestinian workers employed in Israel.

18. Specifically, they indicated their willingness to shed light on the incidents mentioned by the Palestinian authorities, in particular that at Ramat Gan, but they wished to have more precise information on the date of the incident and the names of the workers concerned. They recalled that there was still a risk of terrorist attacks, which justified the application of security measures. In this context in particular, they were very much opposed to the entry of illegal workers into Israel. A brochure had been published to explain to the workers concerned the disadvantages of illegal employment and was to be widely distributed. The Israeli officials recalled the commitment under the Paris agreement to transfer the social security entitlements of Palestinian workers employed in Israel to the Palestinian authorities once a social security structure had been established; as soon as steps had been taken to do so the desired information would be provided. Concerning the working conditions of the Palestinians who travelled daily to Israel to work, they recalled that for one year now there had been no closure of the territories on workdays (that is, outside of statutory holidays). The Israeli officials also requested specific information on cases in which intermediaries had obtained work permits in dubious

circumstances for Palestinian workers, so that they could adopt sanctions where appropriate.

19. Concerning the pollution caused by an Israeli plant installed north of Tulkarm, the Deputy Coordinator of Government Activities in the Territories emphasized that it was in the interests of both parties to avoid this type of damage, which could also affect Israel given the proximity of the "green line". The Israeli and Palestinian Authority's Ministers for the Environment had established a special investigation team which had reached the conclusion that there was no pollution problem. Periodic checks had been carried out and the damage found had been repaired. A wall had been illegally built around the plant. There were other cases of pollution from the occupied territories, which also called for collaboration.

20. In general terms, the Israeli authorities said they were willing to find ways of adopting security measures with the least possible impact on commercial activities, the entry of Palestinian workers into Israel and the implementation of technical cooperation projects in the Palestinian territories. For example, they showed the members of the mission how they intended to ease the passage of workers at the Erez checkpoint in Gaza.

21. As regards the Palestinian workers employed in the settlements, officials of the Israeli Ministry of Labour stated that these workers could elect representatives, who could be members of the PGFTU, and they could also complain to the Ministry of Labour in the event of abuse.

22. The Deputy Coordinator of Government Activities in the Territories reviewed the measures adopted since 1997 to increase the number of Palestinian workers employed in Israel:

(a) cancellation of quotas: permits were being issued according to market needs;

(b) lowering the age of workers entitled to work in Israel (it was now 23, and the workers had to be married); however, 1,000 workers aged over 21 (unmarried and without children) were allowed to work in Israel as an initial experiment, and 500 to 600 had already obtained a permit;

(c) security checks at checkpoints to be carried out by both Palestinians and Israelis;

(d) allowing more flexible working hours in Israel (so that Palestinian workers could work up to 7 p.m. or later);

(e) successful implementation of the continuous employment programme (allowing many of these workers to continue entering and working in Israel during periods of tightened security, including closures);

(f) coordination and organization of meetings between Israeli employers and Palestinian jobseekers (periodically);

(g) allowing overnight stays in Israel for a number of Palestinian workers (up to 8,000 under existing arrangements, but this limit could be raised if necessary); some 8,000 Palestinian workers currently held this type of permit;

(h) programme for recruiting groups of Palestinian workers in cooperation with the employers' association for the construction sector;

(i) an overall joint effort to increase the number of Palestinian workers legally employed in Israel, both by creating industrial zones and through the new facilities planned for the Erez crossing.

23. The Deputy Coordinator also pointed out that the establishment of industrial zones in Karni, Rafah, Jenin, Kaduri and Nablus, followed perhaps by Tarqumiya, should substantially increase the number of Palestinian workers in employment.

24. The Israelis who spoke to the mission emphasized that this was an ongoing process that had proceeded gradually. The actual results obtained to date are mentioned below. It was also intended to simplify the procedures governing the movements of Palestinians, whether as workers, traders or transporters. Palestinian products were on sale in Israeli shops and supermarkets and could be exported all over the world.

25. As explained in previous reports, the Golan was occupied by Israel in 1967 and annexed in 1981. The annexation was never recognized by the United Nations or by the Arab population, which has always lived in the region and which has always called itself Syrian. The Israeli-Palestinian agreements do not concern this region. The position of the Government of Israel is that the Golan, to which Israeli law, jurisdiction and administration have been applied, does not constitute an occupied Arab territory within the meaning of the Director-General's report.

26. For its part, the Syrian Government renewed its objections to the use of any term that describes the inhabitants of the Golan otherwise than as Syrian Arab citizens under occupation. It has insisted that the region be referred to as occupied Syrian Golan, in accordance with the usage in United Nations resolutions.

27. The Syrian authorities stressed that the situation in Syrian Arab Golan had not really changed from previous years. They mentioned again the confiscation of land, the problem of water and the settlement policies. The Syrian authorities added that earlier labour practices were still going on, including dismissals, discrimination in recruitment and wages, and the ban on taking holidays for national events celebrated by other Syrian citizens. They also mentioned the constraints imposed by the Israelis on the transport and sale of apples produced in the region.

28. The Damascus Chamber of Commerce and the General Federation of Syrian Trade Unions referred to the same problems. For its part, the International Confederation of Arab Trade Unions stated that the population concerned continued to face difficulties, referring in particular to discriminatory practices and the confiscation of land.

29. The Governor of Quneitra referred to the working and living conditions of Syrian Arab citizens of the Golan and to the injustice they suffered in terms of wages, working conditions, unjustified dismissal and unemployment. He drew attention to the situation of farmers. Land had recently been occupied by the Israeli military authorities at the place called As-Sidra, on land belonging to the village of Ein Qunya. The Syrian inhabitants of this village had opposed the confiscation. Nonetheless, in this and other areas various measures had been taken to limit Arab farmers' production and reduce prices (buying up large quantities of apples on unfair

terms; heavy taxes on the transportation and sale of production; heavy taxes on irrigation equipment).

30. During the mission's visit to the region, the members of the Arab community that it met in Majdal Shams mentioned the same problems. They emphasized the extent to which land confiscation for the kibbutzim created problems for agriculture. They also mentioned the ban on increasing apple production. They still faced problems with regard to water supply, although they had had abundant rain that winter. They were prohibited from digging wells or using the water from a nearby lake, while the Israeli settlers were authorized to do so. In order to build new water reservoirs they had to obtain permits and pay a high tax; the Israeli authorities had even ordered the demolition of some reservoirs. Unemployment was still high; 90 per cent of women were unemployed, except for certain seasonal workers such as those employed on the apple harvest; 30 per cent of men had to work in Israel.

31. The mission's interlocutors added that these workers were discriminated against, either in recruitment or in their working conditions. For example, sometimes they had to sign a document certifying that they had received the minimum wage when in fact they had been paid less. Distinctions were also made between those who collaborated with the Israeli authorities and those who refused Israeli citizenship. In particular, teachers in the official schools were discriminated against if they affirmed their Syrian Arab citizenship: they were only given precarious contracts to be renewed every year and they were dismissed if they had contacts with other Syrian citizens. In general, teachers were not allowed to take Syrian holidays off and were forced to teach certain subjects, such as history, in a biased manner.

32. As for the Golan region, the Israeli authorities repeated that its inhabitants were not discriminated against and that they were treated the same as those of other regions of Israel.

The economy and the labour market

The economic situation

33. *Recent general trends.* The economic and social development of the occupied territories has been seriously distorted and hampered by the political situation in the region and the years of conflict and occupation. Driven by the need to earn a decent income or even to find a job, a large number of workers in the territories have turned to the Israeli labour market. However, wage income earned in Israel still falls far short of what the Palestinian economy would need to balance its trade deficit with Israel: for the first half of 1999 the value of registered imports into the territories from Israel was US$843.5 million, while that of exports to Israel was US$222.6 million (reflecting a 0.16 per cent decrease in exports from the territories to their main trade partner). Moreover, the amount lost in terms of income not brought back and goods not produced between 1994 and 1998 as a result of restrictions and security measures imposed by the Israeli authorities, limiting the movement of workers and goods, far exceeded the US$2.5 billion received during the same period in support of Palestinian economic development.

34. Palestinian economic prospects seem to have improved since 1998. The economic decline between 1994 and 1997 [3] now appears to have come to a halt. According to estimates by the Ministry of Finance of the Palestinian Authority and the International Monetary Fund (IMF), gross domestic product (GDP) increased by 3 per cent in 1998, while gross national product (GNP), which incorporates income earned abroad – in Israel, in particular – grew by 5.5 per cent. In addition, 47,100 new jobs were said to have been created between mid-1998 and mid-1999, reducing unemployment and underemployment and raising average monthly real wages. The outlook in terms of employment and economic growth thus appears to be somewhat positive. Nonetheless, with the very high population growth rate in the territories (over 4 per cent per year), per capita GDP has stagnated and even declined (in 1998 per capita income in the occupied Palestinian territories was US$1,547.7, with a considerable difference between the West Bank, with US$1,678.8, and the Gaza Strip with US$1,315.8).

[3] Real per capita income dropped by 25 per cent over the period.

With the growth in the labour force, absolute figures for unemployment have increased for the first time in two years.

35. According to estimates by the Palestinian Central Bureau of Statistics (PCBS), the poverty rate [4] was 23 per cent in 1998, with a marked difference between the Gaza Strip (33 per cent) and the West Bank (14.5 per cent). Thus, despite a slight improvement in the Palestinian economy, the standard of living is still lower than it was in 1994. Average household expenditure continued to decline in real terms, from the monthly average of US$829 in 1996 (for a seven-person household) to US$771 in 1998. According to a study carried out by the National Commission for Poverty Alleviation, there has been a slight change in the structure of expenditure, with households spending a larger share of their budget on basic needs.

36. Moreover, other macroeconomic indicators point to more alarming trends, reflected in particular in two variables that are crucial to sustained Palestinian private sector growth: stagnation of private investment – whose main component, construction, dropped by 0.6 per cent between the first quarter of 1998 and that of 1999 – and sluggish exports (owing to high transaction costs, border restrictions, limited access to external markets and a low level of investment to improve productivity). Another matter for concern is the decrease in public investment, largely due to reductions in assistance from the international community in 1999 (US$524.4 million in 1999). Despite the slight improvement in the Palestinian economy, Palestinian workers are still largely dependent on access to employment in Israel (22.4 per cent of the labour force worked there at the end of 1999).

Situation on the labour market

37. *General trends.* The situation on the Palestinian labour market is affected by very high population growth resulting in a high rate of increase in the labour force and, hence, labour supply. This poses a serious problem for the Palestinian economy which is unable to absorb local labour. According to the report of the ILO multidisciplinary mission to the West Bank and Gaza [5] to develop technical cooperation with the Palestinian Authority and the social

[4] Calculated using a basket of basic consumer items.

[5] *Final report of the ILO multidisciplinary mission to West Bank and Gaza*, 31 Jan.-11 Feb. 2000 (Geneva, ILO).

partners, the Palestinian economy would have to grow at a rate of at least 6 per cent per year in order to be able to absorb the expected increase in the labour force, if only to prevent the employment situation from further deteriorating. This estimate is based on the optimistic assumption that a 10 per cent increase in GNP would be accompanied by 7.5 per cent growth in employment.

Population and labour force

38. According to PCBS data, in 1999, the population of the West Bank, including East Jerusalem, was 1,932,637, and that of the Gaza Strip 1,087,067 – a total of 3,019,704 for the occupied Palestinian territories as a whole. In other words, around two-thirds of the Palestinian population live in the West Bank and one-third in the Gaza Strip. The PCBS projects an acceleration of population growth rates up to the end of 2001, followed by a slight decrease until they return to 1998 levels around the year 2010. The same estimates project a total population of over 4 million by the end of 2005 and over 5 million by 2010.

39. It is difficult to estimate the Israeli population of East Jerusalem in the absence of official statistics on the subject, but it appears to have increased by tens of thousands owing to the construction of new settlements around the city. Israeli statistics show that the number of Israeli settlers in occupied territories other than East Jerusalem also continued to grow at a rapid rate: at the end of 1998 their number had increased by 7.6 per cent in the West Bank and 12 per cent in the Gaza Strip, reaching a total of 172,500 settlers for the territories as a whole (166,100 in the West Bank and 6,400 in the Gaza Strip). The Foundation for Middle East Peace places the figure slightly higher, at 180,000 Israeli settlers. Numerous indicators suggest that settlement activity has continued to increase.

40. The Palestinian population is relatively young. Census results show some 47 per cent of those enumerated were under 15 years of age (45 per cent in the West Bank and 50.2 per cent in the Gaza Strip). Moreover, the number of children per woman for the occupied territories as a whole was 6.4 in 1999 (5.4 per cent for the West Bank and 7.4 for the Gaza Strip). The Palestinian labour force is

thus estimated at about 688,000 in 2000 and is expected to reach 1 million in 2010.

41. According to the latest PCBS labour force survey, the average labour force participation rate (i.e. the proportion of the population aged 15 years and above that is employed, unemployed or looking for work) was about 42 per cent in 1999 for the territories as a whole, with minor seasonal variations from quarter to quarter. The latest results published in April 2000 show a slight decrease in the labour force participation rate between the first quarter of 2000 and the last quarter of 1999. In the West Bank average labour force participation was 42.1 per cent and in the Gaza Strip 38.2 per cent in 1999. There are marked differences between men's and women's participation rates: average labour force participation in the West Bank in 1999 was 71.5 per cent for men and 12.5 per cent for women. In the Gaza Strip the corresponding rates were 66.1 per cent and 10.3 per cent, according to PCBS data.

Employment and unemployment

42. A breakdown of the labour force statistics by employment status (see table 1) shows an improvement in the situation on the labour market: the employment rate (defined here as the proportion of the labour force working at least 35 hours a week) increased between 1998 and 2000, from 77.6 per cent for the territories as a whole in 1998 to 85.7 per cent in 2000 (first quarter figures for both years). While the unemployment rate is still high, it has continued to decline, reaching 10.9 per cent in the first quarter of 2000, when it was 8.9 per cent in the West Bank and 15.3 per cent in the Gaza Strip. Absolute figures for unemployment (persons who were unemployed and actively seeking work) reached about 74,000 for the territories as a whole, according to PCBS data. The improvement in the labour market situation, including a decline in underemployment from 6.9 per cent in the first quarter of 1998 to 3.4 per cent in the first quarter of 2000, is due primarily to the small number of closure days during which workers were prevented from going to work in Israel (five days in 1999 according to the Israeli authorities and none in 2000), as well as to the large number of additional jobs created in the occupied territories. The data shown in table 1 confirm the relative importance of employment in Israel (21.9 per cent in the first quarter of 2000) as compared to wage employment in the

territories, and of self-employment as compared to wage employment. The combined figure for self-employment and unpaid family work points to relatively large numbers of small farmers and persons working in the informal sector.

43. *Work in the West Bank and the Gaza Strip.* The geographical breakdown of employment is 55.7 per cent in the West Bank and 22.5 per cent in the Gaza Strip. According to the latest labour force survey results, the breakdown of employment in the territories according to workers' status was as follows: 67.4 per cent were in wage employment; 19.7 per cent were self-employed or own-account workers; 7.8 per cent were unpaid family workers; and 5.1 per cent were employers (see table 1). Public sector wage employment, mostly for the Palestinian Authority, has increased and is now estimated at approximately 128,000 (PCBS data). However, most of the additional jobs created over the year have been in the private sector, mainly in construction, as well as services and commerce. A breakdown of employment by branch of activity shows that in 1999 agriculture accounted for 11.7 per cent; industry for 15.8 per cent, commerce, hotels and restaurants for 16.9 per cent; communication and transport for 4.8 per cent; construction for 22.7 per cent; and services for 28.1 per cent.

44. *Work in Israel and in Israeli settlements.* The permanent closure of the occupied territories in force since 1993 means that Palestinians residing there need a permit to enter East Jerusalem or Israel, regardless of their reason for travelling. Given the fragmented nature of Palestinian-controlled lands, going from one to the other, especially from the West Bank to the Gaza Strip or vice versa, is thus always problematic and sometimes impossible. Those who wish to work in Israel need an additional work permit. There are different types of permit: permits easing constraints for businessmen, permits to stay overnight in Israel, to go to Tel Aviv airport, or to cross the bridge into Jordan, as well as permits allowing holders to cross the "green line" in a Palestinian-registered vehicle. These permits are not always easy to obtain and always cost money (NIS 400, equivalent to about US$100, according to some interlocutors); they are issued by the Israeli Minister of Defence and may then be delivered by "brokers" or intermediaries, which are often employment agencies. The Ministry of Labour of the Palestinian Authority has no control over these permits.

Table 1. Indicators of the Palestinian labour force, 1998-2000 (for the first quarter of each year, as a percentage of the total labour force)

Variables	1998			1999			2000		
	Total	West Bank	Gaza Strip	Total	West Bank	Gaza Strip	Total	West Bank	Gaza Strip
Employment rate*	77.6	78.1	76.6	80.2	80.7	79.0	85.7	86.8	83.2
Unemployment rate	15.5	12.9	20.8	13.9	11.8	18.9	10.9	8.9	15.3
Wage employed in territories	64.7	61.5	72.0	67.5	65.6	72.3	67.4	66.8	68.8
Self-employed/employer	27.6	29.4	23.1	25.3	26.3	22.4	24.8	25.6	23.1
Unpaid family worker	7.7	9.1	4.9	7.3	8.0	5.3	7.8	7.6	8.1
Wage employed in Israel and Israeli settlements	20.5	22.5	16.0	23.6	26.6	15.9	21.9	25.3	14.1

* Proportion of the labour force working at least 35 hours a week.

Source: PCBS labour force survey; see e.g. PCBS website at http://www.pcbs.org.

45. Over the last five years, the Israeli authorities have repeatedly withdrawn or invalidated these permits following violent incidents or in order to prevent such incidents occurring, during periods of comprehensive closure or partial closure affecting only parts of the territories. These measures obviously have an impact on employment and the exchange of goods, and hence on the incomes of Palestinian workers. According to UNSCO, in 1997 there were 77 comprehensive closure days, including 57 working days (63 according to the Israeli authorities). The abovementioned improvement in the labour market situation during 1999 is in no small measure due to the fact that there were only five comprehensive closure days, according to the Israeli authorities.

46. The average number of permits issued to Palestinians from the territories enabling them to work in Israel and in the settlements and industrial zones, such as the Erez industrial zone on the Gaza border, was approximately 56,000 for 1999, according to UNSCO. The number of permits issued has remained fairly stable over the last two years. Half of these permits were granted to residents in the West Bank and the other half to those in the Gaza Strip. Some 13,000 permits are believed to have been issued for work in the settlements and in industrial zones. These estimates tally approximately with the data obtained from the Israeli authorities. As noted in this report in previous years, however, there remains a discrepancy between the number of valid permits and the number of permits actually used: UNSCO data, based on fairly accurate observations for Gaza and an extrapolation for the West Bank, suggest that real average labour flows were 47,300 persons per month in 1999. Most of these workers are employed in construction, textiles and agriculture (particularly at harvest time).

47. According to the Israeli authorities, the number of permits of another kind, namely for businessmen and traders from the territories to do business in Israel, has increased from 16,500 on average per month in 1998 to nearly 30,000 in 1999. There is also a new permit available to limited numbers of permanent Palestinian business people, known as the "businessmen's card", allowing holders access to a number of additional facilities, such as taking a vehicle into Israel, staying there overnight and moving freely between the West Bank and Gaza Strip. There appeared to be a quota of 250 such cards distributed by the Palestinian

Authority and subject to Israeli security approval. As of April 1999, 39 cards had been issued.

48. According to the Minister of Labour of the Palestinian Authority, the number of Palestinian workers going to work in Israel and the settlements has remained fairly stable; however, the ratio between legal and illegal workers has changed. It is a well-established fact that, in addition to the workers who are officially registered, relatively large numbers – in particular West Bank residents – cross the "green line" to work in Israel without a work permit. Although estimates vary considerably, their number clearly exceeds that of work permit holders: according to the Minister, 60,000 to 70,000 work illegally in Israel, bringing the total number to over 120,000 workers in 1999 (110,000 according to UNSCO). The number of workers from the territories working in Israel is expected to increase; several Israeli interlocutors, including employers, emphasized that they intended to replace a fairly large number of foreign workers [6] with Palestinians. According to the Israeli Ministry of Labour, the number of legally employed foreign workers in Israel had declined to less than 100,000 in 1999. However, there was an unknown number – perhaps another 80,000 according to Histadrut figures – of illegally employed foreign workers.

49. According to the Israeli Deputy Coordinator of Government Activities in the Territories, the Israeli and Palestinian authorities have cooperated more closely in recent years in the field of labour and employment. The Israeli side attaches importance to giving priority to Palestinian workers over foreign workers in the Israeli labour market. Several Israeli interlocutors, in particular those from the Histadrut, emphasized the convergence between the economic and social interests of both sides. A programme on Palestinian employment in Israel had been proposed with a view to increasing the number of Palestinian workers in Israel and easing the constraints on their freedom of movement. The Israeli Government had adopted a series of measures, mentioned above, such as eliminating the quotas on work permits for Palestinians, which now were determined by market needs, subject to security considerations. Moreover, the "continuous employment" programme had been a success according to the Israeli authorities: based on the idea of maintaining a degree of stability and

[6] In particular from Thailand and Romania.

continuity in employment, this programme allowed up to 30,000 carefully screened Palestinian workers to have their work permit rapidly renewed after it had been withdrawn during comprehensive closures, even at times of threat. Other measures had been taken; these are summarized in paragraph 22 above. Moreover, efforts were under way to promote industrialization within the territories, including in "closure-free" industrial zones, such as the new Karni industrial zone, on the Gaza border. Another project was aimed at improving the handling of the 25,000 Palestinian workers crossing through the Erez checkpoint between Gaza and Israel on a daily basis.

50. *Wages.* Aside from the fact that there are not enough jobs for everyone in the occupied territories, Palestinians are seeking work in Israel, in spite of all the problems involved, because wages there are substantially higher. Based on its quarterly labour force survey, the PCBS estimates that the average daily wage earned in Israel (or the settlements) increased from NIS 102.6 to NIS 108.6 from the first quarter of 1999 to the first quarter of 2000 (equivalent to US$25.7 and US$27, respectively). The average daily wage in the West Bank rose from NIS 63.9 to NIS 68.7 over the same period (i.e. US$16 to US$17.2); the figures for the Gaza Strip were NIS 49.9 and NIS 52.7 (i.e. US$12.5 and US$13.2). The monthly wage depends on the average number of days worked per month. According to UNSCO, real monthly average wages increased between mid-1988 and mid-1999 from NIS 1,168.76 to NIS 1,251.34 (i.e. by 7.07 per cent) in the West Bank, and only from NIS 991.37 to NIS 1,010.21 (i.e. by 1.9 per cent) in Gaza. Conversely, Palestinian workers working in Israel saw their real monthly wages drop by 2.32 per cent (from NIS 1,752.13 in mid-1998 to NIS 1,711.46 in mid-1999). In the case of the West Bank, these trends are partly due to the fact that a large number of workers in this region were employed in Israel without permits, resulting in a drop in the unemployment rate in this area. In addition, higher labour flows to Israel led to increased income growth. The decrease in wages of workers from the territories working in Israel, on the other hand, could be due to the increase in "illegal" workers who are not entitled to any social benefits or minimum wage and earn less on average. The average wage for the workers from the occupied territories overall, irrespective of their place of employment, has been estimated at NIS 1,366.11 for the

first half of 1999 (approximately US$342), according to UNSCO data.

51. *Women in the labour market.* As mentioned above, there is a wide gap between the labour force participation rates of men and women. Women's low participation is the result of a combination of factors, including cultural features and definitional issues (notably the fact that many women do not declare their activities, or work only occasionally). The fact remains that, as emphasized by the PGFTU official responsible for women's issues, women's participation rate is declining in the territories. She pointed out that this trend was due to different factors, including high unemployment, which meant that a certain number of men were turning to sectors traditionally reserved for women; in addition, the absence of part-time opportunities also tended to discourage women from entering the labour market. A number of women had chosen to resign, since it was too costly and difficult to organize their daily lives around work (for example, there were only private childcare systems, there was no public transport to work, etc.). Lastly, the main form of discrimination against women appears to be access to employment. As regards the situation of women workers in Israel and the settlements, the PGFTU pointed out that their working conditions were as bad as those of men.

52. *Unemployment.* Until 1993, average unemployment rates in the territories used to be relatively low, at under 6 per cent. Although there was not much work to be had in the domestic economy, job opportunities across the "green line" absorbed a substantial portion of the Palestinian labour force. Then, in the wake of a series of violent incidents, the Israeli authorities began to apply a policy of closures, as well as the security measures mentioned above, limiting the free movement of workers and goods. As a result, employment opportunities – and hence unemployment rates – varied enormously during the year. To a certain extent the Palestinian unemployment rate depends on the number of work permits issued by the Israeli authorities. In 1999, the employment situation of the workers in the territories continued to improve: by the end of the year average unemployment was around 12 per cent, compared to 20.3 per cent in 1997 and 14.5 per cent in 1998 (according to PCBS labour force surveys). Again, there is a considerable variation between the West Bank (10 per cent at the end of 1999) and Gaza Strip (16 per cent). A breakdown of

unemployment rates by age group and by sex shows particularly high rates among the young, and young women in particular (table 2). Among males, the highest rates (17.8 per cent) are experienced by the 15-19 age group, followed by the 20-24 age group with 13.6 per cent. The highest rates among women are in the 20-24 age group (24.7 per cent), followed by the 25-29 age group (20.2 per cent).

Table 2. Unemployment rate by age and sex, first quarter of 2000 (Palestinian territories)

Age	Men (%)	Women (%)	Total (%)
15-19	17.8	2.3	16.8
20-24	13.6	24.7	15.1
25-29	10.5	20.2	11.9
30-34	10.4	15.0	11.1
35-39	7.1	7.8	7.2
40-44	9.8	6.8	9.3
45-49	7.7	4.5	7.1
50+	8.1	–	6.6
Average	10.7	12.1	10.9

Source: PCBS labour force survey; see e.g. PCBS website at http://www.pcbs.org.

53. *Interpretation of the unemployment rate.* The unemployment rate used by the PCBS is based on the ILO definition. However, it is important to note that this rate should not be used for international comparison purposes. One of the mission's PCBS interlocutors pointed out that even though the unemployment rate was higher in Israel (about 10 per cent for 2000) than in the West Bank, they were by no means comparable in that workers in the West Bank had no social benefit entitlement (unemployment benefit or other minimum income). According to PCBS estimates, the unemployment rate in the West Bank corresponding to the Israeli rate would be around 20 per cent higher. Moreover, the ILO definition excludes persons of working age who do not work and do not look for work because they are discouraged. In its last report on the economic and social situation in the West Bank and Gaza Strip, UNSCO estimated that including such persons in an analysis

of unemployment would yield an adjusted average unemployment rate of 24 per cent for 1999 (compared to 25 per cent in 1998).

54. *Prospects*. After several years of serious crisis, signs of improvement appeared in 1998 and continued in 1999. Nonetheless, the situation of workers of the occupied territories is still a matter of concern: unemployment, underemployment, precariousness and poverty such as one finds in the West Bank and to an even greater extent in the Gaza Strip are likely to give rise to considerable social tension. The main challenge facing the Palestinian economy is that of creating enough jobs to absorb the fast-growing labour force. Workers would then no longer have to depend on the Israeli labour market or the constraints imposed by this type of situation (instability, precariousness, etc.). It is therefore crucial to include employment in the Palestinian policy agenda by designing an explicit employment strategy. In particular – and this is one of the objectives of the Ministry of Industry of the Palestinian Authority – it is essential to promote job creation in the private sector, especially through small and medium-sized enterprises. The creation of industrial zones is also encouraged both by the Palestinians and the Israelis as an important source of jobs. In addition, such zones are not subject to the same security measures and are therefore not affected by closure days; the workers are relatively better paid – in the Erez zone, average monthly wages are approximately US$400, as much as a doctor earns in Gaza – although labour is still cheap for employers. The risk in the industrial zones is that situations can arise in which workers are exploited, as they only have a verbal contract and are not entitled to retirement pensions. On this last point, it is essential to develop a labour market policy that incorporates active measures (to develop, through training, new skills adapted to demand as well as the institutions required for a smoothly functioning labour market) and even passive measures, in particular the establishment of a basic unemployment benefit scheme. Much remains to be done in order to absorb new arrivals on the Palestinian labour market. Hence, if the tens of thousands of new jobs needed in the West Bank and Gaza Strip are to be created, encouragement needs to be given to private investors who are still reluctant to assume the costs and risks associated with the current political circumstances.

Social security

55. The question of compulsory social security contributions imposed on Palestinian workers employed in Israel has been extensively discussed in previous reports. [7] These workers are not entitled to benefits that are conditional on residence. The Paris agreement provides that Israel will hold the monies deducted from the wages of Palestinians working in Israel in its Equalization Fund until such time as the Palestinian Authority has created a corresponding fund into which the monies can be paid. The sums involved are now quite considerable. The Minister of Labour of the Palestinian Authority confirmed the information received in previous years indicating that a social security code was being prepared with ILO assistance; the draft is now under discussion in the Legislative Council. Pending its adoption in the very near future, the Minister requested that the Israelis provide the necessary information so as to start the process of paying the monies due. The Israeli officials undertook to supply information as soon as initial steps had been taken to establish a Palestinian social security institution and pointed out the delays in establishing it.

56. Pending the adoption of a social security code, Palestinians working in the West Bank remain covered by Jordanian labour law affording protection in the event of sickness, invalidity or occupational injury. Those in the Gaza Strip, however, come under Egyptian legislation of 1957 and are not covered by any social insurance system. PGFTU officials from Gaza stressed the need to hold tripartite consultations in order to fill this gap and stated that for the time being it was the trade unions that provided a minimum amount of protection.

Labour legislation, industrial relations and social dialogue

Labour legislation

57. The most significant development in this respect has been the adoption of the Palestinian Labour Code. This Code was signed into law by President Arafat on 3 May 2000, during the mission's

[7] See in particular paras. 85-91 of the 1993 Report of the Director-General to the International Labour Conference, and paras. 71-74 of the 1994 Report.

visit to Israel and the occupied Arab territories. The new law makes provisions on such issues as the establishment of the contract of employment, wages and remuneration, the right to organize and to bargain collectively, regulation of the employment of women, dispute settlement and the right to strike, occupational safety and health, training and vocational guidance. Although extensive consultations took place among the social partners before the Bill was finally signed into law, they expressed divergent views on some aspects of the law during the mission.

58. The PGFTU was critical of the law, saying that it did not go far enough in establishing adequate rights for workers, and was particularly concerned that it did not deal fairly with the issue of gender equality in employment, including equal wages and opportunities. The trade unionists also questioned whether the provisions of the law met the requirements of the relevant ILO Conventions. The Chambers of Commerce held the opposing view that the law gave too many rights to workers. It is not clear how these divergent viewpoints will affect the implementation of the law; however, the enactment of the Labour Code appeared to be welcomed by all the parties concerned.

59. Now that the Labour Code has been approved, the next step, according to the Minister of Labour of the Palestinian Authority, would be to implement it, starting with the development of the relevant regulations and guidelines, and consulting with other departments of the Government on arrangements such as the setting up of a labour court and institutions for vocational training, social security and occupational safety. The Minister of Labour, as well as the trade unionists in Gaza, requested ILO assistance in the effective implementation of the new law.

60. The legislation actually applied in the Israeli settlements remains ambiguous. This is an important issue that continues to feature in complaints on the working conditions of Palestinians employed in the settlements. The officials in the Ministry of Labour of the Palestinian Authority, as well as the trade unionists who spoke to the mission, complained about the uncertain (and unfavourable) conditions of workers in the settlements, where neither Palestinian nor Israeli laws could be applied.

61. With regard to the Palestinian workers employed in Israel, the use of intermediaries to obtain work permits was mentioned by several Palestinian personalities as a major problem, as were the long workdays once the time spent travelling to and from the workplace was taken into account.

Industrial relations

62. As noted in previous reports, Palestinian workers legally employed in Israeli establishments continue to enjoy comparatively better conditions than those who are regarded as "illegal" workers because they have no valid work permits. The number of permits issued has progressively increased over the years. The Israeli authorities confirmed that there was practically no limit to the number of permits that could be granted to Palestinian workers, and that certain criteria used for determining the granting of permits had been significantly relaxed. In any event, the issue of illegal workers is still a matter of concern in the Palestinian territories.

63. Trade unionists in Gaza and the West Bank expressed frustration at their inability to deal with employment issues affecting those workers who were not properly employed, indicating the urgent need to develop an appropriate joint solution to the problem of illegal workers. The situation was all the more unsatisfactory because, according to the Palestinian Authority and the PGFTU, there were more Palestinians in this category than permit holders. The mission was informed that while approximately 56,000 workers held valid work permits, between 60,000 and 70,000 did not.

64. As indicated in previous reports, while legal Palestinian workers in Israel are covered by the provisions of collective agreements signed by Israeli trade unions, Palestinian workers are not members of such trade unions. As a service, however, Histadrut continues to defend the employment rights of such workers through four of its legal officers. The levies collected from the workers for such services are shared between the two federations.

65. The leaders of the PGFTU expressed dissatisfaction with the lack of trade union representation in the settlements. Although workers employed in establishments could in theory organize into trade

unions, in practice this was unlikely because the PGFTU could not enter the settlements for organizing purposes. In the event, the only possibility was for the workers to take the initiative themselves, but they were unlikely to do so.

66. The situation of workers under the jurisdiction of the Palestinian Authority is different. While trade union activities and the conclusion of collective agreements are on the increase, they tend to be confined to relatively big businesses. A recent example of the growing use of collective bargaining machinery is the agreement signed in April 2000 between the national affiliate of PGFTU and the telecommunication company in Gaza. This agreement covers approximately 2,500 workers. In addition, the PGFTU and its affiliates have signed collective agreements with the Gaza Industrial Estate and with the Ministry of Health. It would appear that what is needed to spread the use of collective bargaining machinery is an intensive capacity-building programme for senior and middle-level union officials on bargaining principles and methods. The leaders of the PGFTU that the mission encountered stressed the effort they were making to build a genuinely independent and democratic trade union movement. Although no Congress had been organized yet, the federation was endeavouring to increase the number of its members and their active participation.

67. The mission was informed of the relationship between the PGFTU and the Histadrut. The latter provides training and support services to Palestinian workers in Israeli workplaces. Leaders of the Histadrut expressed the wish for increased ILO involvement in joint PGFTU and Histadrut projects.

68. With the legal framework now in place, the time is ripe for the Palestinian trade union movement to address several of the issues confronting the labour movement, such as the important issue of gender, and in particular discrimination towards women in the labour market, in terms of equal wages and conditions of employment, and equal opportunities. The PGFTU has initiated a commendable programme to promote gender issues, through a Women's Issues Department which was established in 1996. There is more to be done, particularly in terms of training and general sensitization of women to their rights in the workplace and other employment opportunities that should be available to them.

Social dialogue

69. An important development that became evident during the mission was the evolving tripartite cooperation between the Palestinian Authority's Ministry of Labour, the Chambers of Commerce and the PGFTU in addressing labour and social policies. This was confirmed by each of the three parties, and the mission was able to observe that there was considerable consultation between the Government on the one hand and the social partners on the other. The mission was informed by all three partners that the Labour Code had been discussed with the employers and the PGFTU before its adoption. It also came to the attention of the mission that the tripartite partners were working with other non-governmental agencies in a joint and concerted effort in dealing with issues of mutual interest.

70. At the same time, tripartism and consultation remain generally ad hoc, irregular and uncoordinated. This inadequacy was pointed out by the PGFTU, which urged that the institutional framework for consultation be established. The employers appeared to support this idea, but it was not clear to the mission where the Government stood on the issue. Understandably, the lack of an institutional framework for social dialogue could be attributed to the absence of a legal framework.

71. The promotion of the legislative framework and the industrial relations system is in several ways related to the development of the institutional framework for labour administration. The question of institution building has to be addressed again now that the Labour Code has been enacted. There is a need to put in place a labour administration system that will enable the Ministry effectively and efficiently to address the numerous labour and employment issues that have to be dealt with. This has been stressed by more than one international expert dealing with technical cooperation in the territories. Among the priorities is the development of an employment and labour market policy which will incorporate programmes and policies geared towards employment creation in coordination with the evolving industrial policy, productivity, safe work, labour dispute settlement, workers' rights, and the problem of illegal Palestinian workers in Israel. The development of an employment and labour market policy would provide an appropriate framework for dealing with the problems

associated with illegal employment in Israel and for reducing the exploitation and abuse it entails. Such a policy will enable the Palestinian Authority's Ministry to identify its broader role in the sphere of employment and economic development. It will equip it, in collaboration with the social partners, to take over effective coordination and ownership of the various programmes.

72. A social dialogue policy will also serve as a medium for addressing labour issues which have been mentioned to the mission and which are crucial for the development of the territories, such as safety and health, a social protection system, the creation of more labour courts (especially in Gaza) and the conditions in which Palestinian workers can be employed in Israel in the construction industry.

Technical cooperation

Overview of completed and ongoing projects

73. The implementation of the ILO technical assistance programme in the Palestinian territories continued during the period under review within the framework of the Memorandum of Understanding signed with the Palestine Liberation Organization (PLO) Department of Economic Affairs and Planning in January 1994, and endorsed by the Palestinian Authority.

74. As in the past, the ILO technical assistance programme gave priority to helping Gaza and the West Bank in particular with a view to contributing to the peace process and strengthening areas of mutual cooperation necessary for consolidating the gains arising from the process. In this regard, capacity building for the government officials and social partners in the field of labour and social policies continued to receive the highest priority in the programme of assistance. Thus, the ILO programme in support of the Palestinian Authority and the social partners has the immediate and longer-term objective of contributing to poverty alleviation, reducing unemployment, strengthening democracy and promoting human rights and workers' welfare.

75. During the period under review, the ILO executed technical cooperation projects totalling more than US$4 million in the West Bank and in Gaza. Proposals in the pipeline amounted to US$21.2 million. Projects funded out of extra-budgetary resources in the

West Bank and Gaza included the establishment of the Sheikh Khalifa Ben Zayed Vocational Rehabilitation Centre in Nablus, funded by the United Arab Emirates at a cost of US$2 million. The centre opened its doors to students in a number of trades in April 2000 and is expected to have admitted more than 100 trainees by the end of the year.

76. Funded out of the regular budget, a national seminar on vocational rehabilitation was organized by the ILO in Ramallah in December 1999. The seminar stressed the importance of formulating a vocational rehabilitation strategy as a basis for improving the working lives of people with disabilities under the prevailing conditions in Palestinian society. In the long run, the strategy is expected to result in more equitable job opportunities by mainstreaming disabled people within the working environment, thereby promoting equality and social development.

77. In 1999 a training course and a follow-up workshop were organized on "Training of trainers/advisers for women in micro-enterprise development and training methods and techniques", continuing a programme that was started in 1996 on the promotion of the socio-economic status of Palestinian women. The overall objective of this programme was to contribute to improving the status of Palestinian women through the promotion of women workers' rights and the development of women's entrepreneurship. In addition, the ILO's International Training Centre in Turin granted a total of 41 fellowships to participants from the Palestinian territories, who participated in different training activities in 1999.

78. The ILO collaborated with the Palestinian authorities concerned in preparation for launching a comprehensive child labour survey in the West Bank and Gaza, which would provide a basis for formulating a strategy and programme of action on the elimination of child labour.

79. During the period under review, three of the projects mentioned in the last report were completed, including one on the establishment of the Ministry of Labour of the Palestinian Authority, and another made available to the PCBS to develop a master plan for meeting the statistical needs of the Palestinian Authority. Both projects were funded directly out of the ILO regular budget at a combined

cost of US$506,000. The two institutions are functioning well and have established a promising foundation for providing efficient services. As stated in the last report, there are additional project proposals, at various stages of consultation, to support these institutions in specific areas such as catering and tourism, social security, vocational training, and employment of women. These project initiatives are generally aimed at consolidating and expanding the scope of the work being done by these institutions in their respective mandates.

80. The first phase of four other projects was completed during the period. These included three projects funded by the Government of Italy: the first was on the rehabilitation and reintegration of ex-detainees; the second on the development of technical colleges (phase II, also funded by the Italian Government at a cost of US$500,000, will focus on the development of competencies of the managerial and teaching staff of the colleges, as well as strengthening the link between the colleges and the relevant industries and the private sector). The third project was on integrated small and medium-sized enterprise development. The three projects were funded at a total cost of US$4 million. The fourth project completed under phase I was on training of small contractors and the establishment of local capacity to provide training under the *Improve your construction business* programme, funded by the Government of Kuwait at a cost of US$550,000. The second phase of this project, which will also cost US$550,000, has not yet started.

81. Four other ongoing projects funded by various donors are being executed by the ILO. These include two projects funded by the United Arab Emirates at a combined cost of US$3.5 million. As mentioned in the last report, the Palestinian Employment Programme (PEP) is designed to help match labour demand with supply, as well as to provide an accurate labour market information system to assist in decision-making on emerging labour market issues, capacity development and poverty alleviation policies. The other project involving ILO technical assistance aims to provide community-based support services to facilitate the acquisition of vocational skills by disabled people and to improve their employment prospects in the labour market. A project on income generation for disabled people was funded by the Arab Gulf

Programme for United Nations Development Organizations (AGFUND) at a cost of US$100,000.

82. The Italian Workers' Union in the Banking Sector has funded a project at a cost of US$350,000. Designed to enhance the capacity of the PGFTU, this project commenced operation in May 2000 and will strengthen the effective participation of workers' representatives in formulating and implementing training programmes that are of benefit to workers.

83. As stated in the previous report, ILO technical assistance was provided in several other donor-funded projects. Within the framework of the DANIDA-funded interregional programme on occupational safety and health, a training workshop was organized in Hebron to upgrade the skills and expertise of the occupational safety and health administration and employers' and workers' organizations for the prevention of occupational accidents and disease in industrial establishments. It included capacity-building assistance from the UNDP to the Ministry of Labour in the field of labour and social policy.

84. This technical cooperation programme focused on enhancing the human and institutional capacities of the institutions concerned, in particular with respect to employment promotion, small enterprise development, vocational rehabilitation, labour administration, social security, women workers and occupational safety and health, i.e. fields within the area of competence of the ILO, which made a considerable contribution in this regard.

85. In view of the magnitude of the difficulties faced by the Palestinian people and the insufficient financial and human resources available, the ILO has intensified its efforts in mobilizing the resources required for implementing the projects identified by the multidisciplinary mission referred to in paragraph 89 below.

86. Lastly, the mission was informed by the Israeli government officials of continuing government desire to develop a genuine technical cooperation relationship with the Palestinian authorities. Mention was made of specific proposals by the Ministry of Labour as well as consultations with construction industry leaders on measures designed to enhance the skills of Palestinian workers and generate more employment in the industry. This cooperation has

not yet been developed in a significant manner. The same cannot be said of the Histadrut, its International Institute and the PGFTU, which have organized training programmes for a number of Palestinian workers.

Future technical assistance

87. The ILO has taken new initiatives to enhance, upgrade and expand its technical cooperation activities with the Palestinian Authority and the social partners. With this objective in view, the Office undertook a high-level multidisciplinary mission to Gaza and the West Bank earlier this year. Based on extensive consultations with the tripartite partners to ascertain their needs and views on how best to support their overall development efforts, the ILO has identified a new generation of projects reflecting a clear commitment of the Office.

88. On the basis of the consultation of and expression of needs by the tripartite partners, the ILO believes that the central focus is addressing the critical challenge of creating remunerative, productive opportunities for decent work for all women and men in the fast-growing Palestinian workforce. Decent work means work which is carried out in conditions of freedom, equity, security and human dignity, and consistent with the basic rights enshrined in the ILO's Constitution, in the ILO Declaration on Fundamental Principles and Rights at Work, and in ILO standards.

89. Thus, within these objectives and based on consultations with the Palestinian Authority, workers' and employers' organizations, and several local and international development partners, the ILO has developed 18 project proposals, nine of which are already mentioned in the Palestinian Development Plan (PDP) for 1999-03. The project proposals fall into five main subject areas:[8]

[8] For details of these project proposals, see *Final report of the ILO multidisciplinary mission to West Bank and Gaza*, op. cit.

Promotion of employment

1. *Comprehensive employment strategy for job creation in the West Bank and Gaza*

   This project is designed to create job opportunities for men and women in the Palestinian territories through the implementation of concrete policy measures. It aims at setting up a coordinating mechanism, with the Ministry of Labour as the focal point, to regularly monitor the employment and labour market situation and implement appropriate and practical policy measures at the national and local level to maximize job creation. The beneficiaries will be the unemployed, socially excluded and disadvantaged groups, and new entrants into the labour force, especially young men and women (two years; estimated cost: US$350,000).

2. *Establishment of a micro- and small-enterprise (MSE) development centre*

   This project will combine activities for the organization and structuring of the MSE sector undertaken at the macro and meso levels, and lead to the establishment of an MSE development centre which will provide non-financial business development services as well as financial linkages and support services to new and existing enterprises. The centre will act as a business incubator, and a loan guarantee fund will be set up under the project, which will be implemented in the West Bank and Gaza (three years; estimated cost: US$3,000,000).

3. *Training and small and medium-sized enterprise (SME) development in the hotel, catering and tourism sector (HCT)*

   This project is aimed at the setting up of a self-reliant HCT training centre in Nablus, capable of upgrading the knowledge and skills of staff already employed in the sector. It will also provide the HCT sector in Gaza with a nucleus of supervisors/trainers. The main beneficiaries will be the participants in the various courses, as well as industry personnel, whose skills will be upgraded (18 months; estimated cost: US$600,000).

4. *Improve your construction business (IYCB) – Training of contractors in the West Bank and Gaza, phase II* (in Palestinian Development Plan – PDP)

This project will make maximum use of local skills and resources, enhance existing capacities, institutions and structures, and strengthen relations between them. It will consist of an institution-building and a training component. The overall development objective will be to improve the situation of the Palestinian construction sector (two years; estimated cost: US$1,100,000).

5. *Establishment of multi-purpose vocational training centres*

This project will focus on improving the vocational training delivery system, especially by providing employable skills that will enhance the employment opportunities of the various target groups in several sectors of the Jenin and Khan Yunis areas (two years; estimated cost: US$3,500,000).

6. *Support to the establishment of a national curricula development and international resource centre*

This project will focus on supporting the establishment of a demand-driven curricula development approach. The objective is to support the establishment of a national Vocational and Technical Education and Training (VTET) delivery system that will enhance productivity and hence competitiveness, increase inward investment and ensure decent work. Beneficiaries will be training providers, both public and private. Direct beneficiaries are officials in the Ministries of Labour, Education, and Higher Education, and institutional staff at national and regional levels in the West Bank and Gaza (18 months; estimated cost: US$800,000).

7. *Development and spread of new information and communications technology (ICT)* (in PDP)

This project aims to develop an institutional framework through close consultations between private ICT firms and the education, labour and trade ministries to promote and develop new ICT, including developing international linkages with major

multinational leaders in this industry. Beneficiaries will be the ICT firms and concerned ministries. Indirect benefits will be increased economic activity, productivity and efficiency, which in turn will boost employment, income and foreign exchange earnings. The project will cover the West Bank and Gaza (18 months; estimated cost: US$350,000).

8. *Development of capability of public employment services focusing on the labour market information system (LMIS)* (in PDP)

The project will focus on institution-building activities, by further strengthening the capacity of the LMIS in the Ministry of Labour to effectively manage modern employment services, and to provide further training and staff development for officials. The project will help minimize the skills mismatch and expand the employment prospects of the Palestinian labour force in the West Bank and Gaza (estimated cost: US$1,350,000).

9. *Rehabilitation and strengthening of the youth vocational training centre in Hebron*

The aim of this project is to construct and equip a new vocational training facility, recruit and train the necessary staff, and develop training curricula, with the overall development objective of improving the employability of youth in special circumstances, such as school drop-outs and disabled youths (four years; estimated cost: US$2.5 million).

10. *Strengthening the capacity of the Ministry of Social Affairs (MoSA)* (in PDP)

This project is aimed at strengthening the human and institutional capacities of MoSA to provide efficient and effective services to several disadvantaged groups in the West Bank and Gaza. Improvement of the management and professional capacities of the staff will enhance the services provided to the general public. The project will also help overhaul existing structures and the by-laws governing the Ministry's work. Beneficiaries are both the staff and management of MoSA (estimated cost: US$350,000).

Social protection

11. Financial and policy study on the development of a social security system in the West Bank and Gaza (in PDP)

This project is aimed at contributing to the establishment of a unified and affordable public sector social protection system, and designing and developing a social security system for the private sector workers employed in the West Bank and Gaza, taking into account such private measures as already exist, while addressing the particular social protection concerns of the Palestinian workers employed in Israel. The beneficiary will be the Ministry of Labour (ten months; estimated cost: US$200,000).

12. Training and advisory services in occupational safety and health in the West Bank and Gaza
(in PDP)

The project aims at enhancing the occupational safety and health capacities of the Ministry of Labour. It will target Palestinian working men and women and will have a positive and direct impact on the health of the general public and the environment. Beneficiaries will be the Ministry of Labour and employers' and workers' organizations (two years; estimated cost: US$1,025,000).

Social dialogue

13. Development of institutional and human resources of the Ministry of Labour
(in PDP)

The project is aimed at enhancing the institutional and human resources of the Ministry of Labour in order to promote the development of a positive labour environment conducive to the acceleration of economic growth and social progress in the West Bank and Gaza. Beneficiaries will be officials of the Ministry of Labour, employers and workers (two years; estimated cost: US$950,000).

14. Capacity building and human resources development in the Federation and Palestinian Chambers of Commerce, Industry and Agriculture (in PDP)

This project aims at competence building and strengthening of the Federation of Palestinian Chambers of Commerce, Industry and Agriculture and its member chambers in the West Bank and Gaza to equip personnel with the right skills and specializations in order to improve the delivery of business-oriented and demand-driven services, as well as the establishment of a more reliable database at the national and district levels (two years; estimated cost: US$365,000).

15. Workers' vocational education and training development (see paragraph 82)

The project is designed to contribute to correcting current shortcomings in skills development and training delivery by providing training that will enhance the opportunities of the various target groups of PGFTU members to enter and sustain gainful employment in several sectors of the economy. Beneficiaries are youth and adult members of trade unions in Nablus and Gaza (18 months; estimated cost: US$350,000).

Fundamental principles and rights at work

16. Capacity building of social partners and NGOs in combating child labour

The project aims at enhancing the capacities of the Government and the social partners, as well as NGOs, in combating child labour; assessing the extent and conditions of child labour, establishing a national network with a view to data collection, raising awareness, public mobilization, and providing legal, educational and health care assistance to the children and their families. Beneficiaries will be officials in the Ministry of Labour and workers' and employers' organizations, as well as concerned NGOs, working children and their families (two years; estimated cost: US$1 million).

Strengthening gender mainstreaming

17. Strengthening the Inter-ministerial Coordinating Committee for the Advancement of Women (in PDP)

This project aims at strengthening the role of the Committee in the mainstreaming of gender concerns in overall policy formulation, planning and programming, given that this is a major priority for the Palestinian Authority. The project will develop the Committee's institutional capacities for ensuring effective gender mainstreaming in overall strategies, policies and programmes in the West Bank and Gaza (two years; estimated cost: US$600,000).

18. Promoting and developing women's entrepreneurship

The aim of this project is to create a more enabling economic and social environment for women's entrepreneurship development. Within the overall development of the small business sector, it will promote a strategic approach towards women's participation in entrepreneurship development. Beneficiaries will be existing and potential women entrepreneurs (two years; estimated cost: US$500,000).

90. Lastly, one area in which ILO technical assistance was specifically requested by the Minister of Industry was the training of workers of the industrial zones.

General remarks

91. Beyond this brief analysis of technical cooperation needs and current and planned projects, mention should be made of the discussions that the members of the mission had on this subject during their visit to Israel and the occupied Arab territories.

92. The proposals for cooperation put forward by the Israeli Minister of Labour and Social Affairs and by members of his staff have already been mentioned. Histadrut's International Institute (PEOPLES) conducts training programmes in which a large number of Palestinian workers participate. Histadrut and its Institute reaffirmed their willingness to cooperate with the Palestinian trade unions in this area and requested ILO assistance

to this end. In particular, they are prepared to organize courses, either in Israel or in the occupied territories, jointly with the Palestinian trade unions. A number of joint seminars have already been held, and the persons concerned have stated that they are ready to build on these initiatives.

93. The members of the mission again broached the subject of these proposals with their Palestinian interlocutors. The latter indicated that any assistance, including that offered by the Israelis, was welcome. The Palestinian authorities confirmed that they were ready to cooperate on any project that might improve the situation of the workers of the occupied Arab territories. However, they recalled the continuing administrative restrictions for security reasons, especially at entry points, which constituted a major obstacle to fully carrying out such cooperation. UNSCO officials questioned by the members of the mission expressed the wish to discuss these restrictions with the Israeli officials, who said they were willing to do so.

94. The industrial zones that are being set up along the borders of the Palestinian territories are certainly areas where these administrative restrictions are considerably eased. The development of these zones appears to be in the interest of all the investors, whether Palestinian, Israeli or others, as well as the Palestinian workers employed there. The Minister of Industry of the Palestinian Authority highlighted the useful role of these zones in terms of job creation and expressly requested ILO technical assistance, which could focus in particular on training Palestinians for employment in these zones, for example in the textile industry, construction or the new economy. As regards the Karni industrial zone, he added that an agreement had been concluded with the PGFTU to ensure decent conditions of work there.

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95. Aside from these measures to develop the Palestinian economy, the fact remains that a number of complaints were put forward by the Palestinian leaders on the working conditions of Palestinian workers employed in Israel. These complaints have been reflected in this report, as were the replies given by the Israeli officials. It might be useful to take up the offer of Israeli cooperation, where

circumstances permit, in order to find concrete solutions to the problems raised. The mission was informed that such contacts had in fact already taken place on a number of occasions. This is probably the most effective means of achieving practical solutions to sometimes longstanding problems.

96. As in previous years, the role of the ILO mission was to collect as much information and data as possible on the working conditions of the workers of the occupied territories, in particular those employed in Israel. This report accordingly sought to summarize the extensive information obtained both before and during the visit to Israel and the occupied Arab territories. At the same time, it endeavours to reflect the new developments and changing situation in the Palestinian territories, as described by Israeli and Palestinian officials. Both sides referred to the needs of the Palestinian workers and to the technical cooperation activities that had been undertaken or were planned to meet these needs. It should be recalled that an important ILO mission recently visited the area to assess needs and to propose a substantial number of concrete technical cooperation projects. The concerns thus expressed in different quarters and the ensuing proposals put forward have also been reflected in this report.

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